

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE MARTIN COUNTY WATER DISTRICT NO. 2	}	CASE NO. 89-155
---	---	-----------------

O R D E R

On June 7, 1989, Martin County Water District No. 2 ("Martin No. 2") filed an application for Commission approval of a proposed increase in its rates for water service. Martin No. 2 proposed rates for water service which would generate additional annual revenues of \$125,587, an increase of 49 percent.

In June 1989, the Commission Staff conducted a field review of Martin No. 2's test-period financial records. Based upon this review, Commission Staff issued a report on October 10, 1989 recommending a \$92,425 increase in Martin No. 2's annual operating revenues for water service.

By letter dated October 10, 1989, the Commission advised Martin No. 2 that comments on the Staff Report or requests for a public hearing must be submitted no later than October 24, 1989, or this case would stand submitted to the Commission for decision. On October 24, 1989, Martin No. 2 filed a response accepting the Staff Report and waiving a formal hearing. There were many protests filed with the Commission in objection to the rate increase proposed by Martin No. 2. None of the protesters, however, sought intervention in the case despite adequate notice

that such intervention could be petitioned. The utility having waived a hearing and there being no intervening party to ask for a hearing, the Commission saw no reason to hold a formal hearing in this matter. The Commission, therefore, bases its decision in this case on the evidence of record as of October 24, 1989.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Martin No. 2 and will produce gross annual revenues of \$340,616 for water service. These rates will allow Martin No. 2 sufficient revenues to meet its operating expenses, service its debt, and provide for future equity growth.

3. The rates proposed by Martin No. 2 would produce revenue increases of that found unreasonable herein and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Martin No. 2 in its application are hereby denied.

2. The rates in Appendix A are approved for service rendered by Martin No. 2 on and after the date of this Order.

3. Within 30 days of the date of this Order, Martin No. 2 shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 20th day of November, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-155 DATED November 20, 1989

The following rates and charges are prescribed for the customers in the area served by Martin County Water District No. 2. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rate

First 2,000 gallons	\$13.00 (Minimum Bill)
Next 18,000 gallons	4.40 per 1,000 gallons
Next 20,000 gallons	3.40 per 1,000 gallons
Over 40,000 gallons	2.35 per 1,000 gallons

Peter Cave/Wolf Creek Collieries

First 100,000 gallons	\$301.20 (Minimum Bill)
Over 100,000 gallons	2.35 per 1,000 gallons

Pigeon Roost School

First 60,000 gallons	\$207.20 (Minimum Bill)
Over 60,000 gallons	2.35 per 1,000 gallons

Warfield School

First 75,000 gallons	\$242.45 (Minimum Bill)
Over 75,000 gallons	2.35 per 1,000 gallons

Dempsey Housing

First 80,000 gallons	\$254.20 (Minimum Bill)
Over 80,000 gallons	2.35 per 1,000 gallons

Non-Recurring Charges

Meter Connection Fees: \$350
Reconnection Fee: \$20